DEPARTMENT OF STATE

BRIEFING PAPER

R 88

DECLASSIFIED

THE WORLD BANK

The Nature of US Support

The U.S. has supported the World Bank because it is an efficient aid-giving mechanism, it mobilizes non-governmental capital market resources and it fosters stability and growth in the developing world.

US commitments to the Bank are multiplied in two ways:

-- For each dollar the U.S. contributes to the Bank, other members contribute four dollars; and

-- Nine dollars of every ten subscribed to the Bank's capital are callable capital that requires no budget outlays.

The Bank plays a major role in channeling private funds to developing countries by borrowing on capital markets. Budgetary constraints on bilateral aid and large LDC financial needs due to energy import costs will add to the importance of this function in the 1980's.

The Bank has an excellent reputation, not only with financial markets (likely to be enhaced when A. W. Clausen, a banker, assumes the Presidency), but also with developing country recipients. This prestige allows the Bank, through policy advice to recipient countries and through project monitoring, to help to assure sound policies that will provide a basis for stability and growth in developing countries.

The Extent of US Participation

As of June 30, 1980, the U.S. had subscribed to 23.39 percent of the shares in the Bank and had paid in $935 million in capital. The US share of callable capital was $8.4 billion. Total capitalization of the Bank (thus its lending power) was some $40 billion. Because of its arrearages, the U.S. currently has 21.11 percent of the voting power in the Bank.

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [signature] DATE 6/7/83
RDS☐ or XDS☐ EXT. DATE
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☒
RELEASE DENIED☐
PA or FOI EXEMPTIONS _____